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Section I

1. Introduction

Congratulations! Our mission is your trading success and by leasing ETS Dynatrend you have taken a long step towards that goal. Over four years in development, ETS Dynatrend can provide you with the edge for success. Our intent has always been to develop a simple to understand, semi - discretionary system of indicators that provide as much information about the current market conditions as possible, in a precise visual manner. Profitable trading requires market conditions and essential information to be analyzed quickly and accurately. Thanks to a break through we call ETS Majic (Moving Average Justified Incremental Change) our primary trading chart for the S&P 500 is now a 3 minute chart. The 3 minute S&P Charts generate 8 to 10 trading signals most days, it also allows us to place tighter Stops. Trading these shorter time frames requires us to modify our concept of Stop placement. Please read and study Section II - 3.1 for these important concepts.

As experienced traders know, one of the most important aspects to profitable trading is trading with the trend, of course, often the hard part is defining that trend. The heart of the ETS system has been designed to do just that. ETS Dynatrend indicator is a dynamic market trend indicator. This indicator reacts with every tick to the current market conditions, it uses sophisticated exponential regression calculations to constantly weigh the volatility of the market and remove the noise, thus revealing the underlying trend. ETS Dynatrend will keep you trading on the trending side of the market.

The other important factor we feel is necessary to successful trading is simplicity. We have reviewed many systems that use so many indicators and charts that you

need a scorecard and PHD to take a trade. By the time the Moon aligns with Jupiter and the 5-day chart aligns with the 20-tick chart... ETS Dynatrend provides all of the essential market information on a single chart. Simple!

The road to profitable trading also requires discipline and practice, ETS Dynatrend provides that discipline. Traders using ETS Dynatrend combined with the trading rules provided in this manual will be trading with the trend and trading with specific profit goals for various market conditions.

The practice part of success has to come from trading. S&P Traders today can get their feet wet with the E-Mini, we feel is a great low risk warm-up for trading the full S&P. Stock traders can trade small lots and have the same experience. No paper trading or book reading can compare to real time successful trading.

2. System & Data Requirements

The minimum system requirements to run ETS Dynatrend are the same as for TradeStation 2000i or ProSuite 2000i. We do recommend that you use as fast a computer as you can afford. We are currently using Pentium PIII 500's and we have found that increasing the RAM to 256 Meg has made a very significant performance increase. We also find that a large monitor, such as a 21" with 1600 x 1200 resolution allows for more information to be viewed on a single screen. We feel that it gives you a better feel of the current market conditions if you can see the last several days of data on a single screen. The more you can focus on a single screen the better.

ETS Dynatrend requires continuous reliable data. You must collect all data during normal market hours, any data gaps can and will significantly effect the ETS Pivot / Stop and Entry signals. ETS Dynatrend not only uses the price data but also the volume of ticks in it's calculations.

To check to see if you have "gaps" in your data, create a 1 minute chart of the market that you want to check. Once you have a one minute chart, (>> means Mouse Click) >>

View >> Charts Options and under the Options Window “check” to “Show empty intraday trading periods”. If you find that you have “gaps” you may want to contact your data vendor to see if the problem can be corrected, if not you may want to consider another data vendor.

3. Understanding TradeStation 2000i and ProSuite 2000i

Prior to installing ETS Dynatrend you should spend the time necessary to familiarize with the basic concepts of TradeStation 2000i provided in the TradeStation 2000i manual.

You will need to learn how to set up the Global Server for your particular data vendor and add the symbols that you want to track. You should also understand the basic concepts of setting up a “Workspace” and a “Chart” in TradeStation 2000i.

4. Installing the ETS Dynatrend indicators on a TradeStation Chart

To install the ETS Dynatrend indicators to TradeStation 2000 is a two part process, first you must copy the files ETS2000Setup.EXE and ETSDynatrendV3-0.ELS to your hard disk. Save them to a folder you can locate or to your Desktop.

Once you have saved them to you hard disk you must first run the program ETS2000Setup.EXE, this will install the files required to generate your PCID, this is a fingerprint of your computer that is required to generate your password for the ETS Dynatrend indicators. To run the ETS2000Setup.EXE program locate the file on your hard disk and double click on the file. Then follow the on screen instructions. You must have TS 2000 installed on your computer before you install ETSTS2000Setup.EXE

Now to generate your PCID (>> means Mouse Click)
>>Start>> Programs>> Epic Trading Systems >>
GenPCID32, this will generate your PCID. Write this

number down, then send it in an E-Mail to fenton@epictradingsystems.com.

Once we receive your PCID number we will generate a password for you and return it by E-Mail. To install this new password >> Start>>Programs>>Epic Trading Systems >> Change Password EPC1Lock32, then type in the new password you received in the E-Mail. NOTE the password is CASE SENSITIVE.

NOTE-LICENSE AGREEMENT: We also must receive by mail or FAX all **THREE (3) III** pages of the **Epic Trading Systems License Agreement** signed by the Licensee, before we can generate your first password. Please print, read, and sign the license agreement located at the END of the ETS Dynatrend Trading Manual. Please FAX the License Agreement to Epic Trading Systems at 1-603-544-2074.

Once you have installed the password you may proceed to install the ETS Dynatrend V3-0.ELS indicators to the Easy Language Power Editor.

Before proceeding to install ETS Dynatrend indicators you will need to have created a TradeStation chart. Refer to the TradeStation Manual to create a 3 Min S&P 500 chart of the current futures contract. You may also have to use History Bank to download and import back data to create the chart.

a. First you must import the ETS Dynatrend indicators into the Easylanguage Power Editor and then you will insert them into TradeStation Charts. To import ETS Dynatrend indicators to the Easylanguage Power Editor is straightforward. (The following ">>" will be used to mean, "mouse click").

From either the Global Server or TradeStation >> Go >> Easy Language Power Editor. Once in the Power Editor >> File >> Import and Export.

This will bring up the "Import and Export Wizard" >> "Import Easylanguage Archive File (ELA and ELS)">> Next.

If you received ETS Dynatrend on a 3 ½" Floppy then type "A:\ETS DynatrendV3-0 and >> Next.

If you have saved the file to your "Desktop" or hard drive locate the ETSDynatrendV3-0.ELS file with the "Browse" command, once you have located the file >> Open.

Once the file name and path are in the "Import Wizard" >> Next. This will open the "Import Wizard" "Analysis Types" dialogue box. >> Select All >> Next. On the following screen >> Select All >> Finish. This should complete the importing of the ETS Indicators to the Easylanguage Power Editor.

b. Now that you have imported the ETS Dynatrend indicators to the Easylanguage Power Editor the next step is creating a new TradeStation Workspace. Go to TradeStation >> File >> New choose the "Workspace" tab on the dialogue box, then click on "Blank Workspace" >> "OK". This will create the "Blank Workspace". This would be a good time the rename and save the workspace.

The next step is to create a TradeStation Chart, to do that >> File >> New, choose the "Omega Research" tab on the dialogue box, >> "TradeStation Chart" >> "OK". This will bring up the "Create a Chart Window", under symbol, type in the current S&P500 futures contract for you data vendor >> Plot. This will bring up the "Format Symbol: Data1" dialogue box.

The default settings for the ETS Dynatrend indicators are "Intra-Day", "3 Min" and have "Days Back" set to at least 10. Once this is complete >> "OK". This will create a "3 Min S&P" chart ready to have the ETS Dynatrend indicators installed. You should now have a TradeStation Chart with "green" bars on your screen.

c. There are nine ETS indicators that must be inserted onto the S&P Chart to create the ETS Dynatrend System they are as follows:

a. ETS DynaTrend tm	TS Indicator
--------------------------------	--------------

b. ETS Red	TS PaintBar tm
c. ETS Blue	TS PaintBar tm
d. ETS Yellow	TS PaintBar tm
e. ETS Pivot	TS ShowMe tm
f. ETS Entry	TS ShowMe tm
g. ETS Reversal	TS Indicator
h. ETS Profit Trail	TS ShowMe tm
i. ETS RevProfitTrail	TS Indicator

The insertion process is the same for all of the indicators. First “left click on the chart to make it active. If you have multiple charts on the screen the last chart that you “clicked” on will be the active chart. Now “right click” the mouse button, this will bring up a window with the various chart options. >> “Insert Analysis Techniques”, this will bring up the “Insert Analysis Techniques” dialogue box. On the “Insert Analysis Techniques” dialogue box be sure that “Format” box is checked. >> The “Indicator” tab and then locate and >> on ETS Dynatrend indicator you want to insert. >> Plot, this will bring up the “Format Indicator” dialogue box.

All of the defaults values for the ETS indicators are pre-set for the S&P 500 and 3 minute charts. One down, six to go.

Repeat the process for each of the remaining indicators. To locate them in the “Insert Analysis Techniques” dialogue box, be sure to >> on the correct tab to locate the ShowMe’s and the PaintBar’s. Each of them begins with ETS.

Once this is completed you will have successfully installed ETS Dynatrend system, now lets take a closer look at each of the ETS indicators.

KNOWN INSTALLATION PROBLEMS: When you install **ETS Red** you may notice what look like red “channel” lines along the tops and bottoms of the bars, instead of having red paint bars. If you have this condition

go into “Format Analysis Techniques” for ETS Red, and change the “weight” of the line. This should correct the problem. This appears to be a TradeStation bug with the color Red.

Section II

1. The ETS Dynatrend Indicator

ETS Dynatrend Indicator is the heart of the ETS Dynatrend System; it is the Major Trend indicator. The Red dots indicate a major down trend and the Blue dots indicate a major up trend. The Red and Blue dots define the dynamic price channel that must be penetrated to change the direction of the Major Trend. This channel is continually updated with each tick of the price. ETS Dynatrend indicator is constantly weighing the volatility of the underlying price action, and comparing it to the direction of the price movement. This weighing allows the removal of the volatility “noise” to reveal the underlying trend as defined by the Red and Blue dots. The net result is a Major Trend indicator that minimizes “whip saw” reversals and keeps the trading in the direction of the Major Trend.

It is even possible in very volatile markets for the price to penetrate the channel on a single bar and not cause a Major Trend reversal. ETS Dynatrend indicator is specifically designed to allow this type of price action to take place, since the price action of a single bar often does not reveal the true major direction of the trend.



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Figure 1. ETS Dynatrend Indicator

You may also notice that in very volatile markets, the channel created by the Red and Blue dots, is allowed to expand to account for this exceptional volatility. This is an additional feature of ETS Dynatrend designed minimize “whip saw” or false reversals of the Major Trend.

In addition to the Red and Blue dots there are also White dots that define nearby support and resistance areas and form the opposite side of the channel to the Red and Blue dots. When the Major Trend reverses the White dots also reverse from support to resistance or resistance to support. Figure 1 shows a chart of S&P 500 with a strong trend with only the ETS Dynatrend indicator applied.

2. ETS Red, ETS Blue, and ETS Yellow Paint Bars

ETS Red, ETS Blue and ETS Yellow paint bars are the minor trend indicators. They work together with the ETS Dynatrend Indicator to provide a comprehensive view of the current market trend conditions. You will notice that you will only have ETS Red paint bars when you have Red ETS Dynatrend dots and ETS Blue paint bars when you have



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Blue ETS DynaTrend dots.

Figure 2. ETS Red, ETS Blue and ETS Yellow paint bars

When ETS Red or ETS Blue paint bars are present the Major Trend indicated by the ETS Dynatrend indicator is intact and strong. In a market with a strong trend intact you will see bar after bar either Red or Blue. The price will be making new highs or lows on most every bar. In addition you will note that the ETS White Dynatrend dots are taken out by the price action on most every new bar, and are not

forming a sideways channel with the ETS Red and Blue Dynatrend dots. This is a market with a strong trend.

The presents of ETS Yellow paint bars indicates that the minor trend is making a retracement or possibly showing the early indication of a Major Trend reversal. If you have several ETS Yellow bars making new lows or highs opposite of the Major Trend direction, this is often a retracement and is a good setup for entry into the market. Most retracements only last for several bars; at this point the price should reverse again to the direction of the Major Trend.

If there is one ETS Yellow paint bar after another and they are not making higher highs or lower lows it is a good indication of a non-trending market or a sideways channel forming. Take this as an early warning of possible changing market conditions.

It is also possible to have a “green” bar; this most often occurs when the market is in a strong Major Trend and makes a slight retracement or hesitation. The bar no longer meets the conditions for a strong minor trend ETS Red or ETS Blue paint bar and has also not retraced enough to become an ETS Yellow bar. This is normal and should not last for more then one or two bars.

3. ETS Pivot Showme

The ETS Dynatrend system creates two types of trade signals, the most significant type is the ETS Pivot Showme. Think of the ETS Pivot Showme as the “Early Warning” indicator of a pending trade entry. The ETS Entry indicator will generate an audible alert that is your “Early Warning” signal, any time after the ETS Pivot has appeared you may get the ETS Entry signal. It may occur on the next tick or several bars later depending on market conditions.

The ETS Pivot is designated by the large Cyan and Magenta Crosses located above and below the bars in a trending market. When the market is sideways or “channeling” the ETS Pivot Showme Crosses are Yellow

with smaller Blue and Red centers. The ETS Pivot is the type of trade setup that occurs most often.

The second type of trade signal is a “Major Trend Reversal” signal, these are designated by large Blue and Red Round Dots that also have Yellow centers and only occur when there is a Major Trend color change; these trades are controlled by the ETS Reversal indicator that is explained later on.

ETS Pivot Showme indicates that a recent retracement has occurred and the market has now “turned” again to the direction of the Major Trend. This is the early warning for a trade setup. The secret to ETS Dyanntrend entries is that they are designed take place once a retracement has reversed to the direction of the Major Trend. This is the lowest risk entry point for a trade.

The ETS Pivot indicator is an “End of Bar” indicator. It is VERY important that the ETS Pivot indicator does NOT “Update Every Tick”; having the ETS Pivot update at the end of the bar is another small measure to prevent false reversal signals. This is in line with our policy to be conservative on the entries to the market, with the goal of having a very high win / loss ratio.



Figure 3. ETS Dynatrend Pivot Indicator

When the market is trending the ETS Pivot indicator comes in two types. You will notice that some of the Cyan or Magenta Crosses have a “Yellow center” in the middle of the cross. These we call “Daisy Trades” or “Daisy Dots” as in Fig 3. When you have a Daisy Trade, it is an indication that the significant retracement that has taken place has not “filled” in price wise. The price has not yet returned to the beginning of the retracement point at the time ETS Pivot occurred.

The ETS Pivot trades that DO NOT have the yellow centers are often break out trades. These trades are filtered out in a sideways market, but are often fast and profitable in a trending market.

When the market is sideways ETS Pivots are Yellow Crosses with Red and Blue center Dots. The sideways market is defined mathematically based on recent price movement and volatility, as are many features of ETS

Dynatrend. The ETS Pivot Showme will switch to “Channel Mode” only after the first ETS Dynatrend major trend change after a significant trend move. When the market is sideways or channeling the ETS Pivot trades are more selective and generally require a more significant retracement to take place to cause an ETS Pivot signal.

3.1 Stop Placement for Trading Short Term 3 Minute Charts

Trading shorter time frames requires that we modify our Stop placement. Whether we are in a trending market or a sideways market will now dictate how and where Stops are placed.

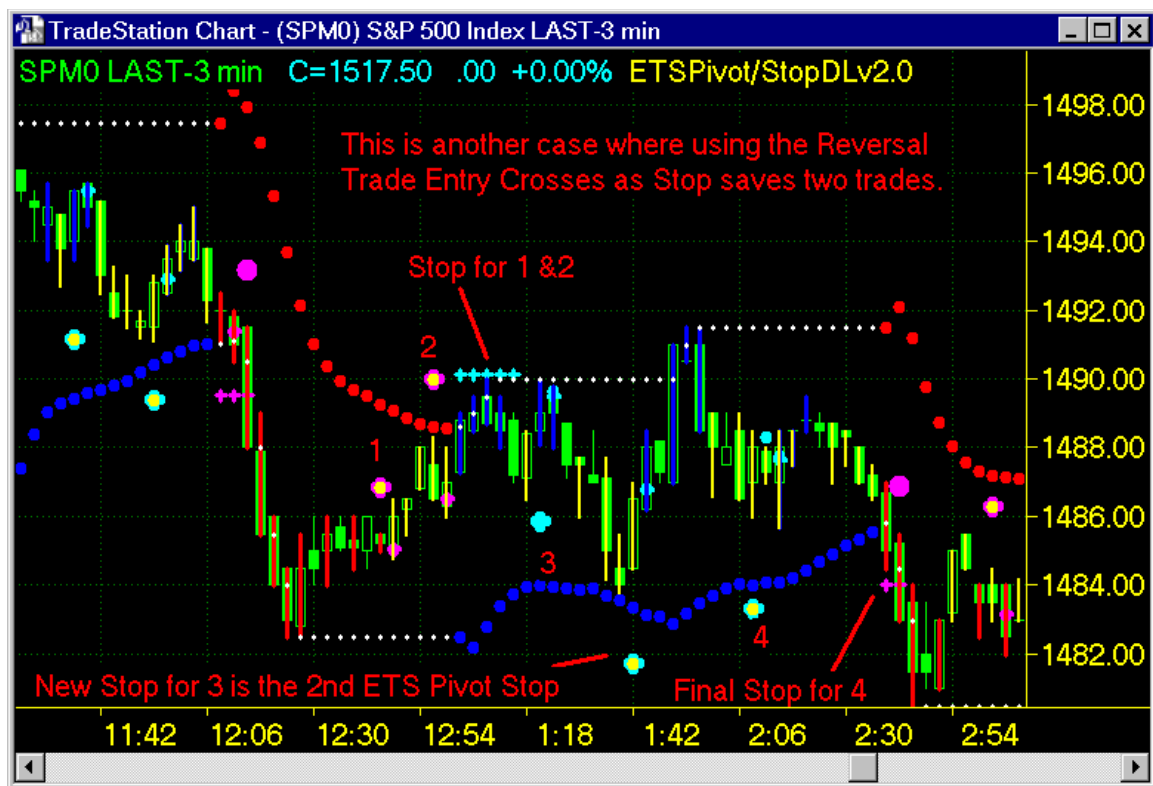
During trending market conditions we recommend that the Stop for a trade be either the plotted location of the ETS Pivot / Stop Showme Cross or the ETS Dynatrend Channel itself which ever is GREATER. The reason for this is that we are keeping the ETS Dynatrend channel “tight” relative to the price action. Having the ETS Dynatrend tight will track the price action more closely and will catch the Reversal Trades sooner, potentially increasing the profits in these trades. The other effect of a tight ETS Dynatrend price channel along with the 3 minute time frame is that it generates more trades during the day.

Sideways market conditions require a different approach, while we still recommend not trying to “fight” with trades in a sideways market; the following charts show a method of preventing many early Stop-outs. The trick is to allow the trade a little more room to work. Figures 4,5 and 6 show the advantage of adjusting the Stop when the market begins to channel.

**Figure 4**

Notice how this adjustment makes the Short Trade #1 close to break even at the 1:36 time area and makes Short Trade #2 a slight winner at the same time area. Long Trade #3 also becomes a winner using the adjusted Stop of the Sell Reversal crosses. The concept again is to give the trades room to work in these transition / sideways market conditions.

In Figure 2 using the Long Reversal Crosses saves Short Trades #1 and #2 making them both profitable in the 1:42 time area. Trade #3 uses the “next” ETS Pivot / Stop as the adjusted Stop. Trade #4 would get Stopped-Out at the Short Reversal Crosses shown on the chart if you failed to take the 1+ point profit on the second bar after the entry. This may seem confusing at first, but as always we recommend that you study back data for more examples.



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Figure 5

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Figure 6

In Figure 3 above Long Trade #1 is saved by using the Short Reversal Crosses as shown. Short Trade #2 is stopped out when the Long Reversal Trade Dot plots confirming the Long Reversal Trade entry, as the market continues to break out to new highs. Once again the key to trading the “Sideways” markets is to allow little more room for the trades to work and to TAKE THE PROFIT when it is there. As you can see in the above examples this “little extra room” saves many trades. The other thing to notice in the above examples is that most often the sideways channels occur during lunch time on EST. Again, a great way to avoid the trouble of trading this type of market is go eat lunch with the rest of the East Coast traders!

4. ETS Entry

ETS Entry gives a little extra measure of insurance to the trade entry price. We like winning trades! Sounds funny, but often just waiting for that small additional price move saves many bad trade entries. It also important to note that if the price hits the ETS Pivot / Stop before an ETS Entry signal is generated that trade is Cancelled.

Once you have had an ETS Pivot /Stop alert, it is possible have a confirmed ETS Entry at any point afterwards. In a fast market it is possible to have both alerts within seconds of each other. In slow markets you will see a small “Dot” plot at the calculated entry price near the bottom of a the bar for a short trade or near the top of the bar for a long trade. Once the price indicated by the small “Dot” is met a small “Cross” is will plot ON the bar and an alert will be given for the confirmed trade entry. The small “Cross” ON the bar is the entry price for the trade.

5. ETS Reversal

ETS Reversal is the second type of trade setup and possible entry signal. An ETS Reversal signal is only generated when there is a Major Trend color change indicated by the ETS Dynatrend indicator. You will notice

that when there is a Major Trend reversal that a small cross will plot at the calculated reversal entry price. The cross will plot for 10 bars, if the price does not move through the cross within 10 bars the trade is cancelled. In the event the market price does move through this reversal entry price an alert will sound and a large “Blue or Red Round Dot with a Yellow Center” will plot. This “Round Dot” becomes the “Stop” for the Reversal Entry. The plotted location of this “Reversal Stop Dot” is set dynamically just as the ETS Pivot.

Trading reversal signals is more selective then trading the regular ETS Pivot trades. We are cautious when reversal signals occur in a sideways “wandering” market that is channeling. If the price reversal just “touches” the ETS Dynatrend indicator enough cause a Major Trend color change, it is a good idea to wait for conformation of the Major Trend reversal. In these situations we pass the ETS Reversal entry and we wait for the first ETS Pivot trade to take place confirming the Major Trend change.

In fast market conditions the reversals are very often some of the most profitable trades. Reversal trades tend to have very good follow through on the several bars after the Major Trend reversal, leading to quick profits and short trades.

6. ETS Profit Trail™ ShowMe / ETS Reversal Profit Trail™



ETS Profit Trail™ / ETS Profit Target Figure 7

The ETS Profit Trail indicator completes the “System”. The ETS Profit Trail™ is a two part indicator.

The first function of the indicator is to plot the Profit Target which is the profit goal for the trade. The Profit Target for the trade, is based again on recent volatility and price movement and is of course dynamic. The Profit Target will plot as a Cross on the same bar as the ETS Entry indicator as shown is Figure 7.

The second part of the indicator is the ETS Profit Trail™ trailing stop function. The ETS Profit Trail™ will ONLY plot if the Profit Target has been met. It may take one or several bars for the Profit Target to be met, or it may never be met. Once the Profit Target has been met the ETS Profit Trail™ will continue to plot until it is “Stopped Out”. The plotted location of the ETS Profit Trail is the stop location.

The ETS Profit Trail™ is ONLY active for the MOST RECENT ETS Pivot. This is very important to remember

when trading. If a NEW ETS Pivot occurs prior to the plotting of the ETS Profit Trail™ the ETS Profit Trail will be working on the most recent Profit Target. So you will have to keep an eye on the target price of the previous trade if the ETS Profit Trail did not plot prior to the new ETS Pivot / ETS Entry. There will be NO signal that the price target for any earlier trade has been met.

The concept is the same for the ETS Reversal Profit Trail, the only difference is that the ETS Reversal Profit Trail plots as small “crosses” whereas the ETS Profit Trail plots as small “dots”. It is possible to have an ETS Profit Trail and a ETS Reversal Profit Trail active at the same time since these are independent indicators.

8. ETS Dynatrend Indicator Default Settings

The following table provides the default setting for the ETS Dynatrend indicators. These settings can be found on the “Properties” tab, of the “Format Analysis Techniques” dialogue box for each of the indicators.

ETS Indicator	Alert Setting	Update Setting
1. ETS Dynatrend	None	Every Tick
2. ETS Red, Blue, Yellow	None	Every Tick
3. ETS Pivot	Enable Alert	NOT Every Tick !!
4. ETS Entry	Enable Alert	Every Tick
5. ETS Reversal	Enable Alert	Every Tick
6. ETS Profit Trail	None	Every Tick
7. ETS Rev Profit Trail	None	Every Tick

Section III

1. “Inputs” for ETS Dynatrend Indicators

- a. **Lookback:** Lookback is the smoothing factor for the ETS Dynatrend Channel. In general the more volatile the market the lower value for the Lookback.
- b. **Scalar:** The Scalar controls the width of the channel. The Scalar is used to set the channel as tight as possible and still minimize false reversals.
- c. **Stop Offset:** This input adjusts the position of the stop by moving the plot location of the ETS Pivot / Stop cross and the ETS Reversal dot. The lower the value the tighter the stop. Default is 5.
- d. **ETS Trend:** This input only applies to the ETS Red, ETS Blue and ETS Yellow paint bars. This input adjusts the Minor Trend strength. The default value is 7 for all markets.

Input	Default Value	Valid Values
1. Lookback	10	10 to 30
2. Scalar	3.5	2 to 8
3. Stop Offset	10	0 to 20
4. ETS Trend	6	1 to 10

The following chart shows Input values for various markets and time frames. These values are a good starting point for those who want to customize the indicators.

Market / Time Frame	Lookback	Scalar	Stop Offset
S&P 500 3 Min	10	3.5	10*
S&P 500 10 Min	10	3.5	5

S&P 500 1 Min	30	5.5	5
S&P 500 30 Min	20	3.25	5
Futures Daily	25	3.75	10
Stocks Daily	25	3.75	10
Index Daily	25	3.75	10
10 Min Charts	10	3.5	5
1 Min Charts	20 to 30	5.5	5

*See section 3.1 for specific rules for 3 minute charts.

Section IV

1. Specific Rules for Trading the S&P 500

FIRST and MOST IMPORTANT part of this or any trading system is placing STOP LOSS ORDERS, for only with Money can we trade! We hope the Fed Chairman lives to be 100, but we keep a note pasted to the top of our monitor reminding us that his next breath could be his last!

All kidding aside we feel that money management is one of the main ingredients to successful trading. ETS Pivot/Stop provides the initial Stop Loss for all trades. Though most times this stop will not be hit, you should always place this order as a failsafe position. If you trade the S&P 500 without failsafe stops in place, you should consider skydiving without a parachute, sooner or later the skydiving will hurt a lot LESS!

ETS Dynatrend System has been specifically designed to take advantage of the volatility of the S&P 500. Thanks to the break through of ETS Majic (Moving Average Justified Incremental Change) we can now trade the S&P on a shorter time frame. Our testing has shown that a 3 min S&P chart now gives the best mix of price movement, number of signals generated, number of profitable signals. ETS Dynatrend on 3 minute bars generates 8 to 10 signals most days, and as always, this is dependent on market conditions.

ETS Dynatrend cannot move the markets; it is only analyzing the current market conditions.

As the volatility of the S&P 500 has increased over the last several years we have found that consistent profits come from shorter trades. Next to placing stops, we felt that this is the second most important concept to understand. Most entry signals will be in a profit position very soon. This sounds funny perhaps, but the key is to take that profit! Just because you have 2 points profit in 5 minutes, does not mean that you will have 4 points profit in 10 minutes. Use common sense to take the profit and exit; don't let greed win!

Most profitable trades last only 5 to 30 minutes. If more than 15 minutes have passed, we start looking for a breakeven exit. We would rather take a few small losses than a big hit.

2. Sideways Markets

The profit targets that we use for the S&P 500 with the current volatility are 1 to 2 points in a "Sideways" market; defined as price action forming a "Narrow Sideways Channel", and ETS Yellow bars present. The ETS Dynatrend indicator will have either the Red or Blue dots forming a channel with the White dots. The White dots will be showing the nearby support and resistance. We have found that a sideways market is fine to trade, but once we have even a relatively small profit we are looking for the exit.

3. Trending Markets

Under trending market conditions the price target recently has been 2 to 5 to even 10 points or more. We define a trending market as the market making higher highs or lower lows, and the presents of ETS Red or Blue paint bars with the corresponding Red or Blue ETS Dynatrend dots. We want to stress again, our trading goal is consistent steady profits. Most trades will NOT be lottery hits! Many

times we have seen 5 point winning trades turn to 5 point losers in minutes.

In a trending market, we do on occasion split our exits. If we really like the price action and the trade has moved quickly to a profit we will take half the position off the table and move our failsafe stop loss to the trade entry price plus half a point. Our goal is to always prevent a winning trade from becoming a losing trade.

4. Time of Day / Gaps

We have found from years of trading, that the S&P 500 has two time windows that we like. We take signals for about 10:00 AM to 11:30AM EST and from 1:00 PM to 3:15 PM EST. Most losing trades occur outside of these times frames.

We like to let the market “settle down” first thing in the morning. This is particularly true if there is a significant gap opening. Most often gap openings fail, by this we mean the gap retraces to the previous closing price, more or less. We like to take trading signals only after the gap retraces to the previous close.

In the event that the gap does not fail, then price must break out to new highs or lows for us to take an entry signal. Trading gaps is one of the areas where we use extra caution when considering signals. If we do not like the price action we simply wait for the next trade. Again steady consistent profits are our goal.

Midday EST is another one of the sleeper periods. In a sideways channeling market there is OFTEN a LOSING trade midday, as the market “wanders” looking for a Major Trend direction. We have found that unless the market is trending strongly with good volume it is best to avoid trading midday. Our best advice for midday is; go eat lunch!

Late afternoon we do not normally take trades, because we do not like the usual increase in volatility. We have found that after 3:15 EST the market is not as “well behaved” as the rest of the day. Another thing we consider is the time remaining in the trading day, in the event we

have to exit a losing trade. We like to have a large “time window” remaining in the event we get stuck in a marginal trade.

5. Last Thoughts

We have developed ETS Dynatrend to provide traders with a new way to view the market. The secret to ETS Dynatrend is its ability to dynamically weigh the trend against the volatility. What other traders will think is price reversal; ETS traders will know is a retracement of the Major Trend and a potential trade entry.

Take as much time as you can to review past data and learn to see the subtleties of the price action and the trend. We still review charts every night. We are always looking for minor changes in the markets. Trading any of the markets is an art as much as it is a science. If it were simple to make a living trading everyone would do it. We all know that is not the case.

We feel that if you invest the time necessary leaning to view the markets through the ETS Dyantrend window, it can provide you with the edge for success!

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